

**THE SCHOOL ADMINISTRATOR  
and Uniform Compliance Guidelines  
ISSUED BY THE STATE BOARD OF ACCOUNTS**

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December 1993

ITEMS TO REMEMBER

DECEMBER

- December 1: Prove the Fund Ledger and Ledger of Receipts for the month of November to the control of all funds and reconcile the control with the depository statement. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.
- December 20: Last day to report and make payment of state and county income tax withheld during November to the Department of State Revenue. (Please review Volume 100, December 1987, "The School Administrator")
- December 20: Payment for school aid bonds and coupons due in January must be made to civil townships by school corporations reorganized according to the provision of Chapter 202, Acts of 1959 if the reorganization plan provides for such payments or if the board of school trustees by resolution adopted has provided for such payments. (IC 20-4-1-35)
- December 25: Merry Christmas - Legal Holiday (IC 1-1-9-1)

JANUARY

- January 1: New Year's Day - Legal Holiday (IC 1-1-9-1)
- January 2: Open a Ledger of Appropriations, Allotments, Encumbrances, Disbursements and Balances by recording the appropriations by programs approved by the board of school trustees in the Resolution of Appropriations for the 1994 calendar year unless such appropriations must be reduced pursuant to action taken by the County Board of Tax Adjustment (if applicable) or by the State Board of Tax Commissioners. Record in the expenditure accounts of each program the allotments made by the board of school trustees. Also add to the 1994 year's appropriations by programs and to the expenditure accounts by allotments, any encumbered appropriations and allotments of the 1993 calendar year to be carried forward.

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**JANUARY**  
(Continued)

- January 4-31 Annual meeting of the school board to organize as board of finance by electing one member as president and one member as secretary for the year. (After the first Monday and on or before the last day of January.) (IC 5-13-7-6)
- January 15: Last day to file Employing Official's Report and pay teacher retirement deductions for the period October 1 to December 31, to State Teachers' Retirement Fund. (IC 21-6.1-7-7) IC 21-6.1-7-9 provides "If the treasurer of a school corporation or the township trustee fails to make the reports as required in section 7 or 8 of this chapter, the school corporation which that officer serves is ineligible to receive any distribution of money from the state for school purposes until reports and payments are received and approved by the board."
- January 17: Martin Luther King's Birthday - Legal Holiday (IC 1-1-9-2)
- January 20: Last day to report and make payment of state and county income tax withheld during December to the Department of State Revenue. (Please review Volume 100, December 1987, "The School Administrator")
- January 31: Last day to file fourth quarter report with the Internal Revenue Service and complete payment of federal tax withheld. Each employee shall be furnished Form W-2.
- January 31: Last day to file form 100-R, Report of Names, Addresses, Duties and Compensation of Officers and Employees, with the State Board of Accounts.

**FEBRUARY**

- February 1: Prove all ledgers for the month ending January 31 as outlined for the month of December.
- February 12: Lincoln's Birthday - Legal Holiday (IC 1-1-9-1)

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FEBRUARY  
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- February 20: Last day to report and make payment of state and county income tax withheld during January to the Department of State Revenue. (Please review Volume 100, December 1987, of "The School Administrator").
- February 21: Washington's Birthday - Legal Holiday (IC 1-1-9-1)
- February 28: Last day to file withholding statements together with Yearly Reconciliation of Employer's Quarterly Tax Returns with Internal Revenue and Indiana Department of State Revenue, respectively.

OBSOLETE TEXTBOOK DISPOSAL

The following is provided as an additional item to the "Textbook Storage and Disposal" article in "The School Administrator" Volume 122, September 1993. Upon a written determination by the governing body of a school corporation that any textbooks are no longer scheduled for use in the school corporation, the governing body may sell, exchange, transfer, or otherwise convey the textbooks in the manner determined suitable by the governing body. However, in order to mutilate or otherwise destroy the textbooks, the governing body must first comply with IC 20-10.1-10-3(b); IC 20-10.1-10-4, IC 20-10.1-10-5, in accordance with IC 20-10.1-10-3.

SOCIAL SECURITY

We understand that for 1994 the maximum amount of taxable and creditable annual earnings subject to social security will increase to \$60,600, up from \$57,600 in 1993. No maximum base for Medicare will exist. Rates will remain at the 1992 level at a combined rate of 7.65 percent (both employer and employee for a total of 15.3 percent) representing a 6.20 percent rate for social security and 1.45 percent for Medicare.

BAD CHECKS

IC 26-2-7-4 as most recently amended by Public Law 42 of 1993 provides subject to IC 26-2-7-8, a person found liable under other applicable law is liable under this chapter to the holder of a check if the person executed and delivered the check to another person drawn on or payable at a financial institution and the person does either of the following:

- (1) Without valid legal cause stops payment on the check.
- (2) Allows the check to be dishonored by a financial institution because of any of the following:

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**BAD CHECKS**  
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- (A) Lack of funds.
- (B) Failure to have an account.
- (C) Lack of an authorized signature of the drawer or a necessary endorser.

A person liable under IC 26-2-7-4 is also liable for all of the following:

- (1) Interest at the rate of eighteen percent (18%) per annum on the face amount of the check from the date of the check's execution until payment is made in full.
- (2) Court costs incurred in prosecuting an action that may be brought by the holder to collect on the check.
- (3) Reasonable attorney's fee incurred by the holder if the responsibility for collection is referred to an attorney who is not a salaried employee of the holder. If legal action is filed to effect collection and the collection on the check is referred to an attorney who is not a salaried employee of the holder, the holder of the check is entitled to a minimum attorney's fees of not less than one hundred dollars (\$100).
- (4) Actual travel expenses not otherwise reimbursed under subdivisions
  - (1) through (3) and incurred by the holder to do either of the following:
    - (A) Have the holder or an employee or agent of the holder file papers and attend court proceedings related to the recovery of a judgment under this chapter.
    - (B) Provide witnesses to testify in court proceedings related to the recovery of a judgment under this chapter.
  - (5) A reasonable amount to compensate the holder for time used to do either of the following:
    - (A) File papers and attend court proceedings related to the recovery of a judgment under this chapter.
    - (B) Travel to and from activities described in clause (A).
- (6) Actual direct and indirect expenses incurred by the holder to compensate employees and agents for time used to do either of the following:
  - (A) File papers and attend court proceedings related to the recovery of a judgment under this section.
  - (B) Travel to and from activities described in clause (A).
- (7) All other reasonable costs of collection.

IC 26-2-7-6 provides this section does not apply to a person who has allowed a check to be dishonored because of lack of funds if both of the following apply:

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**BAD CHECKS**  
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- (1) The person reasonably believed that there were sufficient funds in the account to cover the check.
  - (2) The insufficiency of funds is caused by the dishonoring of a third party check that had been deposited into the person's account.
- (b) If a person liable under IC 26-2-7 does not pay to the holder the full amount of the check not more than thirty (30) days after the certified mailing of written notice that the check has not been paid, the person is liable for, and the court shall award judgment for, the following, whichever applies:
- (1) If the face amount of the check is not greater than two hundred fifty dollars (\$250), three (3) times the face amount of the check.
  - (2) If the face amount of the check is greater than two hundred fifty dollars (\$250), the face amount of the check plus five hundred dollars (\$500).

IC 26-2-7-7 provides that a person must elect whether to pursue a claim under either under IC 26-2-7 or under IC 34-4-30-1.

IC 26-2-7-8 (a) provides a person who has allowed a check to be dishonored is not liable under IC 26-2-7, if not more than ten (10) days after the holder has given notice that the check has not been paid by the financial institution, the person pays to the holder the full amount of the check. A payment made under subsection (a) is effective for all purposes as of the date the payment is made.

Also, please be aware of IC 35-43-5-5.

**CONFLICT OF INTEREST**

The State Board of Accounts in its audit capacity hopes all public officials will avoid any situations whereby conflict of interest becomes a question. Due to their position of public trust, public servants should be extremely sensitive to any transactions that may cause concern of the taxpayers that either elected them or caused them to be appointed to or employed in a public office.

Please seek the written advice of your school corporation attorney if you have any questions relating to IC 35-44-1-3.

**UNIFORM CONFLICT OF INTEREST STATEMENT**

Attached is a copy of the current recommended Conflict of Interest Form.

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**ENCUMBERED APPROPRIATIONS**

When purchase orders have been written during the year for the necessary purchases of the school corporation and such purchase orders have been entered in the Ledger of Appropriations, Allotments, Encumbrances, Disbursements and Balances to encumber a sufficient amount of the proper appropriation to provide for payment when due, a permissible procedure is available to carry forward to the next budget year any amounts so encumbered which have not been liquidated as of December 31. Any such encumbrances carried forward must be for the exact amount of the purchase orders encumbered and shall be carried to the same program and expenditure account in the ledger for the new budget year as that in which they appeared for the year ending on December 31. When carried forward, these amounts should be entered individually on each of the expenditure accounts affected and in total on the program (appropriation) account as an opening entry separate from the next annual appropriation amount. The total amount of encumbered appropriations carried forward for any fund must not exceed the fund balance as of December 31 or it will cause a funding difficulty during the new budget year.

Liquidation of the amounts carried forward must be made individually for each purchase order encumbered when payment of the claim is entered on the record following receipt of the items purchased. If the vendor's claim for payment of specific purchase is found to be less than the amount of the encumbrance carried forward, the balance of such encumbrance may not be used to authorize payment of any other claim. Such balance, must be liquidated at the time of liquidating the purchase order or permitted to expire at the close of the budget year. If for some reason the amount of the claim for payment is greater than the encumbered amount carried forward, the balance must be charged against the available appropriation for the same purpose from the current budget or an additional appropriation obtained for that specific purpose.

**MEMBERSHIP DUES IN ORGANIZATIONS**

IC 20-5-2-5 provides authority for the governing body of a school corporation to appropriate the necessary funds to provide membership of the school corporation in state and national associations of an educational nature that have as their purpose the improvement of school governmental operations. A school corporation may also participate through duly designated representatives in the meetings and activities of the associations, and the governing body of the school corporation may appropriate the necessary funds to defray the expenses.

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MEMBERSHIP DUES IN ORGANIZATIONS  
(Continued)

IC 20-5-2-5 provides only for membership of the school corporation, as an institutional or corporate membership.

IC 20-5-6-6.5 provides authority for a school corporation to pay dues to a Regional School Study Council from the General Fund. The Group is an association of groups of other school corporations within Indiana. The membership is also a corporate institutional membership of the school corporation in the regional council.

FORMS PRESCRIBED BY THE STATE BOARD OF ACCOUNTS

As a result of advances in computer technology, some computer hardware, software and application systems can now produce exact replicas of the forms prescribed by the State Board of Accounts. Additionally, some of the prescribed forms are currently replicated on continuous, preformatted computer paper.

The State Board of Accounts prescribes the required accounting system forms, but does not specify the source from which the forms must be obtained. Therefore, the State Board of Accounts will not take exception to the use of forms which provide exact replications of the prescribed forms created by computer printer or utilizing continuous form computer paper. (All prenumbered forms must still be serially prenumbered by the printing supplier prior to delivery to the school corporation). These exact replications must be identical to the prescribed forms in format, titles and locations of data. These exact replications of prescribed forms are not required to be submitted to the State Board of Accounts for approval and each form should be identified as "**PRESCRIBED BY THE STATE BOARD OF ACCOUNTS**" in the same location as on the prescribed form.

The use of computer generated prescribed forms should be brought to the attention of the Field Examiners during the next regularly scheduled audit. The forms and the computer system generating the forms are subject to a technical computer audit based upon the results of the Field Examiners' risk assessment.

STATEMENT OF MONIES OWING ON ACCOUNT  
OF TRANSFERS OF SCHOOL CHILDREN,  
FORM 515, REVISION

Form 515, has been revised effective July, 1993 and the attached instructions should be followed in using the form.

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INSTRUCTIONS FOR COMPLETING  
STATEMENT OF MONEYS OWING ON ACCOUNT OF TRANSFERS OF SCHOOL CHILDREN  
FORM NO. 515 (REVISED 1993)

The Statement Of Moneys Owning On Account Of Transfers Of School Children, Form Number 515, has been revised to incorporate several required changes.

PAGE ONE

Begin by identifying the school year, such as 1992-1993; name the transferring school corporation (the one whose pupils you have received) and the name of the receiving (your) school corporation and identify each with the county in which it is located. Enter the number of days that school was in session for pupil attendance and the number of pupils in ADM. Enter the identity of the class of school at the top the column.

On lines 1 through 6 enter the amount of cost or expense for the school year for the account classifications listed which are applicable for the class of school for which the billing is being prepared. Use only the amounts expended from the General Fund for these operating costs. Where an expense or cost cannot be allocated to a class of school it shall be prorated to all classes of school on the basis of the A.D.M. of each class in the receiving corporation as compared to the total A.D.M. in the school corporation. To be included on the billing the expense must be applicable to the class of school for which the billing is being prepared. The "classes of school" include kindergarten, elementary, middle/jr. high school, high school, each of the various classifications of special education (handicapped) classes and other special programs. However, "classes of school" does not include students attending vocational education classes in another school corporation on a one-half day (or less) basis. These vocational education students are not transferred and form 515 does not apply. Total lines 1 through 6 of the column and enter the total amount on line 7. The result is the total operating cost for the class of school.

On line 8 enter the total social security reimbursement applicable to the class of school received from the state which was receipted to the General Fund. Subtract line 8 from line 7 to obtain the Net Operating Costs (Line 9).

The allowable capital costs must be calculated by using line 10 which provides a figure of 5% of the cost of the physical plant, including equipment and all appurtenances thereto, which is not more than twenty years old at the beginning of the school year. You must also enter the amounts provided for on lines 11, 12, and 13 to determine which of the two options provides the lesser figure. If these figures are not directly available for the class of school with which you are concerned, they may be obtained by way of the A.D.M. proration described previously. Total lines 11, 12, and 13 and enter the total on line 14. Compare the line 14 total with the amount on line 10; then, enter the lesser of these two amounts on line 15.

Add the amount of lines 9 and 15 and enter the sum on line 16.



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**PAGE TWO**

Each pupil transferred in (from the transferring corporation named on page 1 and for the class of school identified) must be listed in the first column and the information detailed in each of the columns. On the line with the pupils name, enter the date of the pupil's birth, grade level, and the first date and last date of the pupil's enrollment for the school year for which you are billing. Show the actual number of days the pupil was enrolled in the program. Also affirm if the pupil was enrolled on the ADM count day.

If transportation was provided per written agreement, enter the number of days the pupil was furnished transportation. If the child qualifies for an additional pupil count factor, (special and/or vocational education) enter such information in the column provided and enter the number of days the pupil attended during the 15 day ADA counting period. Total the columns for which the form indicates totals are required.

**TRANSPORTATION SECTION**

If a transportation contract has been entered into by the transferring and receiving corporations, calculate the transportation cost per pupil transported by dividing transportation costs by the number of students furnished transportation.

In the TRANSPORTATION section on page 2, calculate the cost per pupil per day by dividing the Cost Per Pupil Transported by the number of days school was in session for pupil attendance (from upper portion of page 1). Carry this result to the next line and multiply by the total days the transferred pupils were furnished transportation (from upper half of page 2) to obtain the cost of transporting the pupils named in the statement. Enter the product on the line provided in the column.

Enter the total state distribution for transportation (from Department of Education's DPI-54) and divide it by the total number of pupils transported to obtain the state transportation distribution per pupil. Carry this amount to the next line and divide by the number of days school was in session. Multiply the result of this division by the total number of days pupils on the statement were furnished transportation to obtain the amount of applicable state transportation distribution. Enter the product on the appropriate line in the column. Subtract the result from the cost of transporting pupils named in the statement to obtain the net amount due for transportation.

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**PAGE THREE**

In Item A calculate the full time pupil equivalent by dividing the total pupil days enrolled (Page 2) by the number of days school was in session for pupil attendance (from page 1) and enter such full time pupil equivalent on the line on which it was calculated.

In Item B, calculate the net per capita operating cost by dividing the net operating cost item (from line 9 on page 1) by the number of pupils in A.D.M. for that class of school (from page 1). Enter the quotient on the line on which it was calculated.

In Item C, the net operating cost (Item B) multiplied by the full time pupil equivalent (Item A) provides the gross amount due for the operating cost for the transferring corporation for the class of school. The amount is entered in the column under class of school.

All the amounts of state support (and federal support, if any) that reduced the receiving school corporation's General Fund operating cost of educating the children are listed on the form in the next section of page 3. Therefore, include:

Tuition Support - When appropriate credit for tuition support must be given on the transfer tuition billing. The amount has been calculated and displayed on the lower right hand portion of the DPI-54.

Supplemental Tuition Support - When appropriate credit for supplemental tuition support must be given on the transfer tuition billing. The amount has been calculated and is displayed on the lower right hand portion of the DPI-54.

At-Risk Grant - When appropriate, credit for the At-Risk Grant must be given on the transfer tuition billing. The amount has been calculated and is displayed on the lower right hand portion of the DPI-54.

Additional Pupil Count Support - When appropriate, credit for additional pupil count support must be given on the transfer tuition billing. The amount is determined by using the Handicapped and/or Vocational Student amount multiplied by the total additional pupil count weight.

ADA Flat Grant - When appropriate, credit for the ADA Flat Grant must be given on the transfer tuition billing. The amount is determined by using the total days attended during the ADA counting period divided by 15 and multiplied by \$40.00.

Other State and Federal Support - When appropriate, credit for Other State and Federal Support must be given on the transfer tuition billing. The credit may include but not be limited to Prime Time and ISTEP distributions from the state.

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In Item E, divide the capital outlay expense (from line 15, page 1) by the A.D.M. for the class of school (page 1) to obtain the cost of capital outlay expense. Enter the result of the calculation on the line provided.

In Item F, calculate the gross amount due for capital cost by multiplying the gross per capita cost (Item E) by the full time pupil equivalent (Item A). Enter the results on the line provided in the column.

The amount of the ADA Flat Grant receipted to the Debt Service Fund that reduced the receiving corporation's capital cost of educating the pupil is listed in the next section of page 3. Subtract this amount from Item E to obtain the net amount due for capital cost.

On the bottom of page 3 total the amount due for transfer tuition for operating; the net amount due for transfer tuition for capital costs; and the net amount due for transportation.

As provided in the original 1976 law, no credit will appear in the state and federal support section for regular transfers between two Indiana public school corporations because the distributions will be made to the corporation of residence (transferring corporation). In those instances the Total Gross Amounts Due (Sections C and F) and the Net Amount Due For Transfer Tuition (Sections D and G) will be equal. If the transferred pupils are wards of the court, welfare placements, cash transfers, children of state employees living on state-owned property, military dependents and other special case transfers which are reported to the State Department of Education as resident students for purposes of state support distributions, the support sections must be completed. If the Department of Education's report showing the amount of distribution based on the transferred child's attendance is not available when Form 515 is being prepared, the amounts must be calculated as outlined on the budget estimate worksheet as provided by the Division of School Finance. For these students, the Net Amount Due For Transfer Tuition will be the Total Gross Amount Due - Sections C and F minus the state and federal support based on the child's attendance at the receiving school corporation.

If quarterly payments have been received to apply against the total net amount due, enter the date and amount of each on the spaces provided, total them and subtract the total quarterly payments from the total net amount due. The difference will be the balance of the net amount due. This is the remaining amount due from the transferring corporation for the students named in the statement.

**PAGE FOUR**

The certification of the cost of the school plant must be completed for all buildings which are twenty years or less of age on the beginning date of the school year for which the statement is prepared. The buildings included must be only those applicable to the class of school. If such buildings are not separate from those for the other classes of school, the cost of the total physical plant may be included at a prorated cost based

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on the A.D.M. proration described previously. If the building is more than twenty years of age but has been remodeled within the twenty years, the amount of the remodeling cost is used to support the entry on page 1, line 10.

Complete the certification and have it dated and signed by the secretary of the governing body of the school corporation before presenting it to the transferring party.